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Message Text

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70
ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 COME-00 EB-11 LAB-06 SIL-01 DRC-01

NIC-01 /124 W
---------- 053322
R 151800Z FEB 74
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 4353
INFO COMICEDEFOR
CINCLANT
NISRA

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E.O. 511652: N/A
TAGS: ELAB IC
SUBJECT: APPROACHING GENERAL STRIKE DEADLINE

REF: REYKJAVIK 0222

1. AS FEBRUARY 19 DEADLINE FOR GENEAL STRIKE APPROACHES, IT LOOKS INCREASINGLY AS IF STRIKE WILL NOT TAKE PLACE, OR IF IT DOES, IT WILL BE CONSIDERABLY LESS THAN GENERAL. ALTHOUGH OVER 100 UNIONS GOT APPROVAL FROM THEIR MEMBERSHIPS FOR STRIKE IF CONTRACT NEGOTIATIONS FAIL, ONLY 43 GAVE ACTUAL STRIKE NOTICE FIVE DAYS IN ADVANCE OF DEADLINE AS REQUIRED BY LAW. UNIONS IN FISHING INDUSTRY IN BOTH EASTERN AND NORTHERN PARTS OF COUNTRY AS WELL AS WESTMANN ISLANDS REFUSED TO ACT BECAUSE THIS IS HEIGHT OF VERY SUCCESSFUL FISHING SEASON.

2. OPPOSITION NEWSPAPER MORGUNBLADID CARRIED STORY FEBRUARY 14 THAT REPRESENTATIVES OF EMPLOYERS HAD MET WITH PRIMIN AND OTHER MINISTERS WHO HAD URGED THAT SETTLEMENT BE MADE REGARDLESS OF COST OR EFFECT ON BUSINESS COMMUNITY. MORGUNBLADID CLAIMED
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MINISTERS HAD STRONGLY HINTED THAT IF EMPLOYERS WOULD SETTLE, STEPS WOULD BE TAKEN TO EASE THEIR FINANCIAL BIND, SUCH STEPS

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POSSIBLY INCLUDING INCREASES IN RETAIL PRICES AND DEVALUATION
OF CURRENCY.

3. WHILE EMBASSY SOURCES INDICATE MINISTERS WERE NOT THAT SPECIFIC
IN THEIR HINTS AND THAT MORGUNBLADID IS RAISING ISSUE OF DE-
VALUATION IN ORDER TO CREATE DISSENSION IN GOVERNMENT RANKS,
FACT REMAINS THAT GOVT FEARS POLITICAL COST OF STRIKE AND WOULD
RATHER ACCEPT SERIOUS ECONOMIC COSTS OF INCREASED INFLATION
INSTEAD. LEADING LABOR OFFICIAL TOLD EMBOFF HE BELIEVED GOVT
COULD NOT SURVIVE GENERAL STIKE AND IT HAD MADE DECISION IT
WAS BETTER TO GAMBLE ON INCREASED INCOME FROM SUCCESSFUL
FISHING SEASON EVEN THOUGH THIS MEANT PROBABILITY OF IN-
FLATION AT RATE OF 30 TO 35 PERCENT FOR 1974.

4. MEMBER OF EMPLOYERS FEDERATION NEGOTIATING TEAM TOLD
EMBOFF WEEK AGO THAT POSITION OF FEDERATION WAS PASSIVE ONE
WITH ACTUAL BARGAINING GOING ON BETWEEN UNIONS AND GOVERNMENT.
IT APPEARS COMMUNIST-LED UNIONS HAVE NOW PUSHED THEIR PARTY
LEADERS IN CABINET INTO ACCEPTING DISTASTFUL FACTS OF LIFE IF
CABINET IS TO SURVIVE.
MARTIN

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